

# The Only Failure

Genius is only the power of making continuous efforts. The line between failure and success is so fine that we scarcely know when we pass it; so fine that we are often on the line and do not know it. How many a man has thrown up his hands at a time when a little more effort, a little more patience, would have achieved success.

As the tide goes clear out, so it comes clear in. In business, sometimes, prospects may seem darkest when they are on the turn. A little more persistence, a little more effort, and what seemed hopeless failure may turn to glorious success.

There is no failure except in no longer trying. There is no defeat except from within, no really insurmountable barrier save our own weakness of purpose.

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## MANAGE



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INFLATION, rising costs and expansion have affected all our lives. They also have affected the National Management Association.

For the eye-opening story—a summary of the NMA's economic condition—read Marion Kershner's message "To The NMA Membership" on page 34.

Mr. Kershner's theme fits well with the opening article in this issue, "Get Your Own House In Order" by Robert Newcomb and Marg Sammons. It is the first of two features on the need for positive management action in an area suffering from pitiful neglect: communications.

For many years industry has shunned psychiatry. Psychological

tests, used to screen job applicants and key personnel, have helped to break down the barrier. At the same time management has become alarmingly aware that industry is deeply involved in the nation's growing problem of mental health.

Today, staff psychiatrists are at work in several progressive companies. Undoubtedly more would be employed directly in industry but for a shortage in the profession.

Alert management men have their eyes on the pioneers. They wonder which will change: industry or the psychiatrist? It will take years to tell, but it's a safe bet that both will undergo some form of overhaul. For a look at what's going on read "Industry Is The Psychiatrist's New Patient" on page 26.

And to start out on the vacation season with the right foot, be sure m read Irv Leiberman's "Live Your Dreams" on page 14.

We sincerely hope you enjoy this issue.

key personnel, have helped to break management has become alarmingly in the nation's growing problem of the inseveral progressive companies directly in industry but for a shortage

Harrison Beadley

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"It's sad to think that in 14 more days our two weeks vacation will be over."



Keeping faith with our fellow men is one of the greatest responsibilities of civilized mankind. That certainly is true in regard to labor-management relations. It is most important within the management profession.

Unless we are strong enough to respect and protect the faith others have in us, the very foundations upon which we build our careers are weakened.

During the past 10 years, first-level supervision—the foreman—has put his faith in the profession of management. For many years, the foreman was industry's "lost soul," floating around between labor and management. He had no definite objective, no training for his managerial responsibilities, no support from above or below, and nothing really to work for but his wages. His contributions to production were taken for granted.

It was frustating, back about the time of the first World War, for an intelligent man with a burning ambition to be caught up in supervision . . . as a foreman.

But along came a movement for the development of foremen.

"Develop for what?" many asked.

The answer was simple and logical. Development into a competent member of the management profession. After all, the foreman was responsible for the managing of factory production, the execution of management policy, and the direct supervision of groups of workers.

In fact, when the responsibilities of the foreman were tabulated by the founders of this movement, it was plain that the foreman had to be better qualified for managing than did most executives whose prime concerns were policy-making and general administration.

So it was by invitation from the management profession that the foreman put his faith in management. He developed himself to be well qualified for the responsibilities, the opportunities, and the benefits of a management career.

Even "career foremen," who never expected to get higher in management than foreman, developed themselves horizontally, until they proved that firstlevel supervision was management's most vital, most productive link. 1950

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The very fact that the NMA movement for foremanship development, management unity, and development of management as a profession has grown so large so fast is powerful testimony that foremen are enthusiastic management men.

Today, most of industry takes for granted that foremen belong in management . . . that foremen are vital to free enterprise, industrial management teams.

It is of particular significance to industrial America that there are some areas in our country where industrial leaders would break the faith of foremen in management. They would roll back the calendars, throw away the progress made in the past decade, re-defining the industrial status of the foreman. The foreman's loyalty to management would be taken for granted—possibly because of confidence that the foreman is immune from collective bargaining privileges according to the Taft-Hartley Act. Partly also because of a backwardness in sharing management perogatives with foremen.

In other words, these areas would cease developing the foreman as a member of management but would in the future extoll the foreman as a foreman.

These areas would separate the foreman from management, disregarding completely the enthusiasm the American foreman has shown for management. These movements would put the foreman once again in the Never Never Land between big labor and big management—and literally invite collective bargaining groups for foremen to take advantage of the resulting frustration in first-level supervision.

When our NMA affiliated clubs voted in favor of changing our Association's name to The National Management Association, is was a tribute to management by the foreman that he was proud of his affiliation with the profession. It was a clear indication of the foreman's faith in his future in management. It was a tribute to management that the foreman, whose loyalty was causing concern a decade ago, wanted to be management in name as well as in fact.

The NMA, through its conservative, non-profit supervisory development programs, its management unity clubs, and its high-principled objectives and Code of Ethics for all members of management, shall always be the champion of the foreman in management.

Mean Sims

## Get Your Own House In Order

by Robert Newcomb and Marg Sammons of Newcomb & Sammons

The first of two articles

MANAGEMENT is a sitting duck. This is the humorless conclusion being reached by representatives of industry and business from coast to coast and from border to border, since the AFL and the CIO marched down the aisle together. The apprehensive witnesses in the management pews have been impressed by the fact that the newlywedded couple are healthy and vigorous, certainly independently wealthy, and have some truly bright plans for the future.

The merger of these two labor groups was accomplished masterfully. There was no great trumpeting about it prior to the merger itself, except in the labor press, where a selling job needed to be done here and there among the membership. Once the pact was sealed, the national press avalanched upon the public the full details of the arrange-



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ment, with predictions—sometimes dire predictions—for the days to come.

Statistically, when the potential membership of organized labor is added to the actual membership, it appears that nearly two-thirds of the total laboring group of the nation could be members of unions. More than 350,000 unorganized employes in the chemical industry are possibilities. Well over a half million workers in the textile industry-particularly in the South-are presumably to be invited into the new brotherbood, and more than seven million workers in retail stores and about the same number of employes in offices stand in a fair way to get the nod in the forseeable future. This is the beginning rather than the end of the list, for one must include government employes, professional people, farm workers and miscellaneous groups. It's a big target and the odds are good that the AFL-CIO marksmen won't miss all of it. There are few segments of industry or business that won't be touched by the fall-out from this explosion.

The men of management today are informally classifying themselves into one of three schools of thought:

First is the fatalistic group. This is the group which describes the AFL-CIO merger as signalling the end of the line. This, its spokesmen

declare, marks the abandonment of free enterprise as we have known it, the emergence of socialism in sturdier form and the commencement of captive management. The solution, the fatalists contend, is to close up the business and retire to Tahiri

Second is the capitulation group. This group shares the ardent pessimism of the first, but takes the practical view that a man—even a company president—must make a living. The procedure here therefore will be to accept whatever instructions the union hands out and to live under such vassalage as the business agent suggests from time to time.

Third is the practical or realistic group. This is the clan which has thought it all over and has decided that, while the jolt was violent, there is still hope for the patient. The members of this school of thought acknowledge that organized labor can, and probably will, increase its strength and influence, industrially, economically and politically. They point out, however, that the leaders of the new brotherhood are themselves quite astute businessmen with no wish to impair the health or reduce the output of the hen that lays the golden eggs. They feel that, with the use of a little horse sense and intelligent communications, plus attention to the problem of equalizing

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the rights of management and labor before the law, things may not be too bad.

The three groups have this sobering point of agreement: They acknowledge that management today is a prime target. And they concede that, in the contest for the working man's favor, the unions have walked off with the prize.

What's to be done about it?

There is no quick answer and no simple solution. The older heads of employe communication think that the place to begin is with the thinking processes of upper management. This involves what Secretary Dulles once referred to as the "agonizing reappraisal." The time for it was never riper.

A few months ago a company president, Stanley H. Hobson of the Geo. D. Roper Corp. in Rockford, Ill., put the spotlight on some of management's infirmities. Speaking before a personnel conference of the Merchants and Manufacturers Association at Palm Springs, Calif., Hobson disdained the popular sport of blasting away at unionism and, instead, took a few well-aimed shots at management itself. His cataloguing of what he described as the "seven sins of management" deserves a place on every executive's wall, just over the sign that reads "Think."

To seek the solutions to management's dilemma, one must turn first to the symptoms. Here in essence is the Hobson summary of management's shortcomings—try them on for fit:

1. Management is paying for its size. For years many management people have been assuring themselves of the close comradeship between upper levels of management and the rank-and-file, a social comradeship built out of a summer contact at the employes picnic and a winter contact at the Christmas party.

When a company has achieved any size, the chieftains have closeted themselves more and more with the problems of administration, and have been seen less and less in the shop. If you examine current areas of labor discontent, Hobson pointed out, you will find in nearly every case that the man-to-man relationship between boss and employe has been diluted. If a third element (meaning the unions) moved in between employer and employe, with the avowed intent of wooing away the employe's affections, one might ask: Who issued the invitation?

2. Management "talks" good employe relations. Management likes to believe that it makes all the gestures of fair play and good fellowship. It is inclined to say so to itself, and it engages publicists to report it to the public. But when you pel back these layers of self-esteem, you discern the rough spots beneath. The guy with a gripe-in the plant—and often the guy without one—will tell you that good relations exist only in the management mind.

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3. Management has failed in its allocation of responsibility for people. Officials plead that, as executives, they have no time to mingle with the people. They insist further that the responsibilities of managing the company make too many demands on executive time. Yet in many cases management appears to have failed to pass on the responsibilities of personnel relations, along with the authority required to administer them efficiently and honestly. The personnel official often finds himself boxed in by outdated policies, by needless protocol, by his inability to get anywhere near the Old Man for a heart-to-heart talk about people once in a while. The supervisor, the middleman of management, finds himself frequently operating in the same communications vacuum, unable to relay information because it has come to him fragmentarily, late, or not at all.

4. Management has made the mistake of underestimating the strength of unions. This has been a colossal boner. Too many managements have discounted the effectiveness of the union's man-to-man communications, the pulling power of its downbeat press, the remarkable adroitness of many of its bargaining representatives. While the management magazines have dealt loftily with the themes of quality, competition and the glories of free enterprise, the skillful union spokesmen have shredded away their arguments. The

emergence of a united labor organization is all the proof anyone wants these days of the strength and persuasive abilities of labor.

5. Management for years has clung to a policy of paternalism. The policy is abundantly apparent in family-owned or privately-controlled concerns around the country. Here management has maintained a sort of social aloofness, combined with a fatherly attitude toward the little people below. Any practical industrial executive knows that the modern working man or woman today doesn't want to be considered "little people" and is almost defiant of the executive attitude that father knows best.

6. Management has talked economics generally but not locally. Although management is usually well aware of the shifting tides of our national economy, because they affect production and sales, it has failed to realize that these changes affect not only production and sales, but employe attitudes as well. Management people are keenly aware of the sharp cutting edge of competition. Companies are on their toes making products the customer is willing to buy. Each company is trying to make a better product, keep its prices within a competitive range, extend and improve its customer service, and then tell its story to the consumer in a battle of selling and advertising.

The typical employe understands all this only vaguely. He looks upon

the economic problems of the company as something for management to concern itself about.

7. Management has consistently failed to satisfy the normal, healthy curiosities of employes about the business of the company. Management people, Hobson pointed out in his summation, should have long since recognized that the interest of an employe in the company he works for cannot be described as "snooping." The company management asks and expects loyalty; sometimes it begs for co-operation and teamwork. But it imposes an iron curtain of censorship on facts about its operations and activities, which stifles employe enthusiasm and builds resentment and skepticism. And management compounds the felony, since management silence inevitably drives the curious to pages of the union's journal, where the union's version of the company's operations is described in complete if inexact detail.

These are heavy, serious indictments, these indictments of manage-

#### COMMUNICATIONS CHECK LIST

To enable you to appraise your own concern's employe communications program, try answering the following questions. If you can answer YES to all, keep on . . . you're doing fine. The questions to which you answer NO will show up the weak spots in your communications structure. es No

1.	Does company information move regularly and efficiently from top	Tes
	management through mid-management through supervision to employes?	
2.	Do your company employes have an established method of communi-	П
	cating back to management?	
	If so, do they use it?	

- 3. Does your company hold regular meetings with supervisors? If so, do these meetings really provide supervisors with answers to their questions?
- 4. Do your supervisors consider themselves members of management? If yes, can you prove it?
- 5. If your company issues an employe publication, does the journal cover the business of the company completely enough to satisfy employe readers?

If yes, have you conducted an objective poll of employe opinion within the past two years to be certain?

- 6. Are your employe benefits thoroughly understood by all employes? If no, are you doing anything to correct the situation?
- 7. Do you have a formal indoctrination program?
- 8. Does your company have friendly, efficient relations with the press and other community information sources?

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ment. To many executives, the suggestion that they are guilty of all or even any would be repugnant. But in its soul-searching, perhaps it would be well for management itself to crawl out of its closets of self-esteem and squarely face a few facts.

Management's biggest and foremost job is to re-establish a respect for management. And this invites a new management attitude which many managements in the days to come would find prudent to adopt: This isn't a last-ditch fight between management and labor for supremacy. It isn't a fight at all, or it shouldn't be. It is an effort to establish a workable arrangement between two groups where neither dominates. Many cool heads in the business of employe communications know you can't safely look to the law for relief. You look to yourself for the answers.

The second part of "Get Your Own House In Order" will appear in the August issue of MANAGE.

In a few days the farmer went back to the mule barn.

"You lied to me," he told the dealer. "I warmed the oats for that mule. I massaged him with a curry comb. I bedded him down at night. Yet he won't do a lick of work."

"Let me go out and have a look at him," said the dealer.

They went to the farm. The mule was standing there hitched to a plow. He wouldn't budge. The dealer picked up a two by four and broke it over the mule's head.

"Now try him," the dealer said.

"Giddap," the farmer said and the mule leaned into the barness and started off.

"I don't understand it," the farmer said. "I thought you said you had to treat him gentle."

"You do," the dealer replied. "But first you have to get his attention."

A group of engineers led by Roy E. Marquardt, president of Marquardt Aircraft Co., has started an experimental unit of "Science Scouts" which may become an official part of the Boy Scouts of America. The engineers developed the plan when they were seeking ideas on how to interest youths in engineering careers.



by Irv. Leiberman

A SHORT time ago a man fell dead in a New York hotel.

There was no trouble locating the heirs. The only survivor was the widow in a Chicago suburb. She was notified of the death and flew to New York to take the body home for burial.

Circumstances surrounding the case were not particularly tragic. But the man left tragic evidence of an unrealized dream—two steamship tickets to Europe.

The businessman had married his childhood sweetheart 25 years before. Since he was still in college, there was no honeymoon. Five years later he was sales manager of a surgical instrument concern—still no

time for a honeymoon. Ten years later he was president of his firm, still too busy to think of "gallivanting around the earth," as he put it

Then at 50, he retired. Now they could take their honeymoon. So he flew to New York alone. He was going to surprise his wife with the steamship tickets he bought. But before he could phone the news, it was too late.

Oh, not too late for someone else. Just too late for him and his wife. After the funeral, she put an ad in the personal columns offering the tickets to a newly-wed couple who wanted to take the honeymoon she never had.

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It's a every we the future it takes no future justifies effort. A follows businessman. Spend your money on dreams. So few of us ever take time to do the things we plan. Before we ever get around to taking that cruise or buying that home, it's too late. And if that happens, you've nobody but yourself to blame.

Perhaps you recall the Pulitzer prize play "You Can't Take It With You." It's the story of a successful businessman who started for the office one day and discovered in the elevator that he didn't want to make any more money. So he rode down and never returned to business again.

Farcically, but nonetheless convincingly, everybody in the play makes himself happy by the very simple rule of not postponing what he most enjoys.

During the past few years, a psychologist has asked 3,250 persons, "What do you live for?" He discovered that 92 per cent are merely enduring the present while hopefully waiting for some Utopia in the future.

Poor souls! They are wasting today's realities for tomorrow's speculations, sitting bored at a great entertainment, waiting for a better show which may never open.

It's a common failing. People in every walk of life are afflicted with the futurite delusion, and the forms it takes are many. In truth, there is no future so certain that its approach justifies the abandonment of present effort. And stark tragedy too often follows when we forget that truth.

Bob Corby had been begging his father to help him build a hut. There was nothing Corby wouldn't do for the child, but building a hut of old scraps and tar paper seemed inadequate. He didn't realize that what Bob wanted was the fun of working together. So Corby told Bob that he would have a regular playhouse built as soon as he could spare the money.

The boy said that would be swell. But why couldn't they make a little hut until the big one was ready? Corby laughed and said he'd see.

Two days later Bob was run over in front of his school. His father rushed to the hospital. Corby had to bend over to hear the child's whisper, "We didn't get my hut built, did we?"

Then there was Dan F., who always wanted to travel, but he kept putting travel off until he had more money and leisure. When he was 45 his aunt died, leaving him her estate.

"Now you can take that world trip," a friend remarked.

"I could, yes," Dan conceded. "But if I invest this money I may make enough to retire and live abroad."

His habit of losing the present in fantasies of the future had become so ingrained that he could not seize on any reality.

The event which might have gratified his long-held desire to travel destroyed it.

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number of people who are waiting until the children grow up, to travel. But they needn't wait. The travelingest family in a small midwestern town owns nothing but an eightyear-old car. In that, the parents and three children have crossed America five times, living on a shoestring, stopping at tourist camps. They don't make that an excuse for postponing what they want most to do now. When their desire for travel fades it will leave behind it a permanent enrichment of their lives.

You cannot take yourself out of the present by switching your attention to what may happen to-morrow. You are in the present whether you like it or not. There is just one thing you can take with you into the future and that is the knowledge of how to live. You can win that only by living—in the real world of every day.

After all, what is happiness? It is a quality and an attribute of the good life. If we want to know what happiness is we must seek it, not as if it were a pot of gold at the end of the rainbow, but among human beings who are living richly and fully the good life.

If you observe a really happy man you will find him building a boat, writing a symphony, educating his son, growing double dahlias in his garden. He will not be searching for happiness as if it were a collar button that has rolled under the radiator. He will have become aware that his happiness comes in the course of living 24 crowded hours of the day.

Don't wait to live! Take a chance
—now. Buy a new picture for your
room, enroll in a new course.

Never before has life been so eminently worth living, and never before so thrilling.

"How is that second-hand car you bought?"
"I've just realized how hard it is to drive a bargain."

"Stand behind your lover, false woman," thundered the Scotsman, "I'm going to shoot you both."

A tourist stopped in front of a little country store, dumbfounded at the sight of an enormous supply of salt piled high on the premises. Stack after stack. Boxes, barrels, bags. Tons of salt, inside the store and out.

"You must sell a lot of salt," exclaimed the tourist.

"No, I don't sell much," replied the storekeeper. "But you should seen the guy that came here last week. He could really sell salt."

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## What Is Competition?

by Lawrence Abbott

Competition involves more than price cutting; style and quality play an equally important role in the making of a sale.

THE AMERICAN people strongly believe in competition. So do I. Competition is the driving force in our economy."

These words might have been spoken by any of our top business leaders or politicians. (They are actually the words of Eugene Holman, board chairman of the Standard Oil Company of New Jersey.) They reflect the widely held view that competition in business benefits us all and is one of the reasons for America's phenomenal growth and material success.

But what is competition? What kinds of business behavior are effectively competitive?

Many persons—including numerous economists—would answer this question in terms of price-making and of price-changing. Lack of competition, we are told, results in high prices. Competition brings prices down. Yet, the price factor is only one element in competitive behavior. Competition has another facet, perhaps equally important, which in recent years has loomed larger and larger in the day-to-day problems and decisions of businessmen.

This "other half" of competition goes by the name of quality competition or product competition. It manifests itself not in price changes, but in changes in the design of packaging of a product or in the quality of its materials, or in the type of services offered in conjunction with its sale.

Let us look at a recent instance of quality competition at work. In the morning newspaper field in New York City, two full-size dailies—The Times and the Herald-Tribune—compete with each other for the more serious readers, while the highly successful tabloid Daily News caters to a more popular audience and en-

Lawrence Abbott, Associate Professor of Economics at Union College, is author of the book, QUALITY AND COMPETITION.

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joys top circulation. In recent years, the Herald-Tribune's circulation dwindled, and its profits nose-dived. Under new leadership since 1954, it has been making a comeback. How? By the traditional competitive weapon of price-cutting? No. To cut the price of a five-cent article is not always practical. In the Tribune's case it might have proved suicidal, and in any event would not have touched the heart of the problem. Rather, the competitive weapon employed was the more powerful stimulant of changes in the contents of the newspaper.

General Motors' invasion of the locomotive industry with its diesel locomotives, Chesterfield's appearance in king size, and the auto makers' race to adopt the wrap-around windshield are other examples of competitive moves that have forced price considerations to take a back seat.

Competitive striving of this sort is a familiar phenomenon to most businessmen, but curiously enough the economist has tended to ignore it. In the college economics on which younger Americans have been brought up, competition is dealt with by setting up a theoretical model of "pure competition."

This kind of competition has nothing to do with rivalry among goods. It concerns only rivalry among prices. It occurs only in those few markets where there are many buyers and sellers of a completely standardized product, like Number Two winter wheat, so that one seller's product is no better or worse than another's. By thus eliminating all other factors, the only basis of choice that remains is price. But since most of today's markets feature product differences, they are regarded as being "impure," or "imperfect," or "monopolistic."

From the economist's viewpoint it is easy to see why this distinction is made. The classical economists of the 19th century were not concerned with minor differences in quality among competing products. They were too completely absorbed in the great, puzzling question of "value."

What causes prices to be what they are? Alfred Marshall, the great British economist of the late 19th century, wrote about such products as tea, fish and leather as if their qualities were of no concern, so that price was the only important consideration.

Even today most economists remain chiefly concerned with price. Probably for this reason, quality competition is discussed in most scholarly books and textbooks as "product differentiation" and "product variation" and is described as a device to weaken the intensity of price competition.

Sometimes quality distinctions do serve that purpose. Branded goods often gain customer loyalty sufficient to maintain price differentials not warranted by the inherent quality of the goods. But more often than not, quality differences introduce a new dimension of competition.

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Joseph Schumpeter was one of the few great economists of this century to grasp this important fact. "In the case of retail trade," he once wrote, "the competition that matters arises not from additional shops of the same type, but from the department store, the chain store, the mail-order house and the supermarket."

Competition of this sort, of course, is nothing new. Medieval armorers stressed quality of workmanship and superiority of design rather than price as the main inducement to purchase. In a later era, the great furniture makers such as Adam and Sheraton, were concerned primarily with beauty, novelty and workmanship.

Nevertheless, quality competition has taken on a new importance in 20th century America.

There are a number of reasons for this. In earlier centuries, products were simpler, and there were fewer ways in which one firm's product could be made qualitatively different from another's. Consumers more frequently bought raw or semifinished goods rather than fabricated ones, and they did their own processing.

Today, consumers buy bread rather than flour, clothing rather than cloth.

Modern technology, too, has made products increasingly complex. Automobiles, for example, are far more complicated than carriages and, therefore, offer more opportunities for variations in design and quality. With a rising standard of living and better education, people have become more discriminating and choose carefully from among competing clusters of similar goods.

This heightened importance of quality as a competitive factor has complicated the businessman's life. It is easy to see why. Quality variation is far more complex and subtle than price variation.

The effect of a price change is child's play to judge. When a price is cut, the buyer is obviously better off. But with a qualitative change it is often difficult to tell whether the net result is an improvement or a worsening of the product. Decisions with regard to product are inherently experimental and risky.

In changing a product, businessmen can move in three different directions. The most spectacular kind of change is best described by the word "innovation"—the introduction of a new modification or design that is so superior that the old version of the product passes into discard.

Such product improvements as four-wheel brakes, the safety razor, steel-shafted golf clubs, etc., belong in this category.

A second type of change, requiring less imagination or adventurousness, is the upgrading or downgrading of quality. This involves a change in costs which usually requires a price change.

Government grading of meat into such classifications as "prime," "choice," and "commercial" is an attempt to measure quality differences of this sort.

The third direction in which businessmen can move in altering quality might be described as sideways. There are many instances in which one quality cannot be rated better than another, but simply as more suitable or more appealing to a particular buyer. Differences in color, flavor, texture and shape are often of this kind.

Another reason why competing products in most modern markets are not identical is that, lacking omniscience, manufacturers cannot be sure of what most customers would like best. So they are forced to engage in a costly guessing game, aided by market research experts and their own intuition. Evidence that such game-playing can be costly indeed was provided in the 1930s when Chrysler introduced its novel Airflow styling. Car buyers reacted so unfavorably that Chrysler backtracked to recover its losses.

Does quality competition benefit the consumer as much as price competition does? This is a difficult question to answer. In some instances, it actually hurts the consumer by pulling the wool over his eyes. The rush of manufacturers to put chlorophyll into every conceivable product is perhaps a case in point. With certain kinds of consumer goods, such as cosmetics and insect repellents, price and quality have not proved to be closely correlated.

In such cases, however, the injurious effects of quality competition are not due to the inherent nature of this type of competition but may be traced to consumer ignorance. This points to the need for better consumer education, more informative advertising and increased use of consumer testing services.

On the positive side, quality competition often provides a benefit equivalent to that of a price cut. In the automobile industry, for example, competition has typically taken this form. The result has been more car for the money rather than the same car for less money.

Quality competition also offers benefits that price competition can never provide. It enables the consumer to satisfy his wants more precisely. By doing so, it helps to eliminate the kind of waste that occurs in our economic world whenever a product is less than perfectly suited to the use of its buyer.

Unsuitableness may be a matter of taste, like the restaurant's roast beef which is too rare or too well done to please a particular patron. Or it may be a matter of inappropriateness, like the refrigerator door which should be hinged on the other side because of the unit's location in the kitchen. Or it may be associated with a missed opportunity for improvement in efficiency.

Our federal government is now experimenting with a new arrangement of letters on the typewriter keyboard million typing In eac could compe

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board that it estimates will save millions of dollars by increasing typing speed and reducing fatigue. In each of these cases, unsuitability could never be corrected by price competition—only by quality improvement.

How important has been the role of quality change in raising the American standard of living? Has it been as significant as price reduction? No one can really tell.

It would be a hopeless task to estimate the percentage increase in consumer satisfaction attributable to foam-rubber mattresses, nylon and dacron fabrics, plastic containers for fresh vegetables, power steering, etc. But one thing is sure, Andrew Carnegie, with all his 23-million-dollar annual income, could not have enjoyed these particular satisfactions in 1900.

Thus, it seems quite clear that quality competition has certainly played an enormously significant role in promoting progress. And there are no signs that it will not continue to do so for a long time. This is not to say that price competition need be shelved or considered unimportant. But the "other half" of competition—quality competition—certainly deserves to get its share of our attention.

Reprinted from CHALLENGE, The Magazine of Economic Affairs, published by Institute of Economic Affairs, New York University.

"Ye're charged with being drunk and disorderly," snapped the magistrate.
"Have ye anything to say why sentence should not be pronounced?"

"Man's inhumanity to man makes countless thousands mourn," began the prisoner, in a flight of oratory. "I am not so debased as Poe, so profligate as Byron, so ungrateful as Keats, so intemperate as Burns, so timid as Tennyson, so vulgar as Shakespeare, so—"

"That'll do, that'll do," interrupted the magistrate. "Seven days. And, officer, take down that list of names he mentioned and round 'em up. I think they're as had as he is."

Don: "Why does your dog keep turning around in circles?" Joe: "He's a watchdog, and he's winding himself up."

The bigger a man's head gets, the easier it is for someone else to fill his. shoes.

A debt is the only thing that does not become smaller when it is contracted.

## The VOICE of MANAGEMENT

#### **DEMAND FOR EXECUTIVES**

"Management is becoming more complex, so demand for executives is increasing even faster than business growth."—Howard M. Dirks, vice president, Carrier Corp., in The Wall Street Journal.

#### LONG-RANGE PLANNING

"Automation programs require long-range, detailed planning of capital investment and the pursuit of these plans regardless of temporary ups and downs in annual sales. With high investments in machinery, industry has one more incentive to keep those machines running as steadily as possible. This provides a great stimulus for better planning, more professional marketing, and all the other techniques for maintaining steady demand and employment."—Arthur C. Studt, manager of education and training, Hotpoint Corp.

#### WHAT RETAILERS WANT

"The retailer asks two things of industry. First—that man-hour productivity be high and constantly improving so that there is an ever-increasing quantity and variety of goods with improved quality and usefulness. Second—that the workers producing such goods receive a growing income as a result of their productivity."—T. V. Houser, chairman of the board, Sears, Roebuck and Co., Dun's Review of Modern Industry.

#### THE RIGHT ROAD

"We must choose the right road—the road of orderly economic growth, which avoids the perils of inflation on the one hand and the evil of unemployment on the other. The only way to stay on this road is to share the benefits of economic growth fairly by means of lower prices to consumers, better wages to labor, and increased returns to investors."—Dr. Ralph Robey, economic advisor to the National Association of Manufacturers.

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## Mexico's Future

Reprinted from STEELWAYS

THERE is something stirring in the iron and steel industry south of our border, and it forms a vital part of the expansion plan for the Republic of Mexico.

Mexico's national leaders seek selfsufficiency in iron and steel, with a view ultimately of exporting sizable



amounts of its home-grown steel to Central and South America. They want 600,000 tons of steel made locally every year instead of the 300,-000 now produced.

The Republic's major steel producers are co-operating to the tune of several million dollars.

Altos Hornos de Mexico in Monclova bought its second blast furnace early last year, raising its productive capacity to 1,300 tons of iron daily. It now expects to start building an electrolytic tin plate line to supplement its hot dip line. Cost: about \$2.5 million.

Cia. Fundidora de Fierro y Acero, in nearby Monterrey, has spent \$2 million rebuilding some of its plant, is spending another \$7 million on a new merchant mill and will spend still another \$8-10 million rebuilding its main rolling mill.

The other Monterrey steel mill, Hojalata y Lamina, having built new hot strip and cold reduction mills costing about \$5 million, is now planning finishing equipment to cost another \$5 million.

Expansion like this calls for increasing yields of iron ore and coal. Fortunately for the blueprint, Mexico is still one of the principal mineralproducing nations of the world. Un-

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fortunately, steel's sources of supply are many miles distant from one another.

Iron ore, for instance, is abundant in the northern State of Chihuahua. Likely, Las Truchas, to the west of Mexico City, contains sizable iron ore possibilities but their potential has not yet been convincingly defined. Big coal deposits lie to the south in Oaxaca.

Government planners talk optimistically of a network of new roads, rail facilities and harbors. But the more seasoned businessmen point out a principal difficulty. Where are the billions of pesos coming from for the necessary development?

The matter of money traditionally bothers government planners less than it does businessmen, whether they be in Indonesia or Indiana, Manakoora or Mexico. What, then, do neutral observers say about Mexico's dream of a self-sustaining steel industry?

With a wealth of statistics at hand and 20th Century history on the shelves overhead, they're inclined to think that taxes must be reduced, especially in the mining field, a freer hand extended to private enterprise within the Republic's boundaries and more foreign capital encouraged if the dream is to come true in the foreseeable future.

## "READY-MADE" WASHINGTON OFFICES FOR VISITING EXECUTIVES, COMPANIES

Visiting business executives or organizations that need a "ready-made" office in Washington, D. C., for a day or a year now have at their disposal fully furnished, de luxe suites complete with clerical staff and equipment—and without the usual bother of setting up or managing an office.

The special services and facilities are provided by Executive Suites, Inc, a new division of Washington Business Services, Inc. The suites are located in the heart of the capital's business district and central to the Statler, Mayflower and other hotels and government agency buildings.

The Executive Suites facilities are designed to furnish visiting executive with an office and staff so they can operate as efficiently in Washington as in their home offices. It is also designed to provide Washington representatives with office and staff without the burden of personnel administration, payroll bookkeeping or capital investment in furniture and equipment.

Opportunity doesn't knock so very often but temptation seems to pound away every day.

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THERE IS growing proof of industry's interest in psychiatry. Managament indicates it is no longer reluctant to dip into the personal, psychological problems of its employees. Here is what is going on:

Last February, a score of executives and top personnel people gathered at the Menninger Foundation in Topeka, Kan., for the first of a series of small study groups aimed to bring about "the practical application of psychiatric knowledge to management functions."

 Earlier this year, Dr. Harry Levinson—a Menninger clinical psychologist and director of the Foundation's Division of Industrial Mental Health—told the National Retail Dry considering research work in industrial psychiatry. Redlich's idea was inspired by the success of the admittedly superficial pamphlet titled "Worry-Go-Round."

 Management and psychiatric groups in several cities have been working together to map out programs for a more extensive use of psychiatry in industrial relations.

Psychiatry in industry dates back at least 30 years, but for a number of reasons, industry never has adopted it to anywhere near the extent it has other industrial health programs. Partly that has been the fault of industry; partly it has been the fault of psychiatrists, of whom there are only about 6,000 in the

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## Industry Is The Psychiatrist's

Goods Association how clinicians can help management solve the problem of motivating people.

 Dr. Walter D. Woodward—staff psychiatrist for American Cyanamid Co.—stood before an audience of 200 members of the Synthetic Organic Chemical Mfg. Assn. to answer a barrage of questions about his job, and what he has found.

At Yale University, Dr. Fredrick
 C. Redlich, who helped Connecticut
 Mutual Life Insurance Co. put together a pamphlet on emotional problems caused by job tensions, is

country. Today you can count on one hand the number of staff psychiatrists in industry — American Cyanamid, Metropolitan Life, Eastman Kodak. It's significant that only this year did the progressive, uninhibited Menninger Foundation pick up the idea in earnest.

Is there any special reason for this emergency right now?

Probably not. But an increasing number of practitioners are coming to the conclusion that the profession has overlooked a great reservoir of mental health trouble by avoiding—

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Reprinted from BUSINESS WEEK, Feb. 18 issue, by special permission.

or accepting management's resistance to—work in the business world.

It's natural for management to shy away from what many consider the distasteful job of getting behind the emotional facade that most people maintain in their work. Sometimes you have to dig too deeply into personal affairs—and it's easier to blame deficiencies or eccentricities of other workers on the quirks of human nature, or to reasons outside the job. In effect, up to now management has largely absolved its environment of any blame for what statistics show has become a major problem of society: mental health.

Now, the pyschiatrists say, the time has come to look beyond the

home, the community, the schools. The problem must be attacked by considering the total environment. After all, they point out, a major part of a man's life is spent in business, and you can't ignore that part of his life.

It's the contention of men such as Drs. William and Karl Menninger that—whether industry likes it or not—business can no longer ignore the need for some sort of psychological work that places emphasis on the individual problem. "We have made little inroads, a fraction of an inch, in business and industry... but none come to us whose work life isn't grossly disturbed," says Dr. Will Menninger.

Up to now, industry's general approach to emotional problems has been through mass programs—the human relations and training sessions

## New Patient



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fession oir of lingfor supervisors that have become hallmarks of personnel practices.

In the eyes of psychiatry, these programs often are ineffective at best, harmful at worst because of the confusion they create in the minds of both supervisors and subordinates.

None of this means that the psychiatrists now are demanding that industry open its personnel doors to a bevy of analysts with ready couches and preconceived notions of what they can accomplish. What they want to do —with industry's blessing —is to set up a campaign of preventive psychiatry and a broad-scale program of research into problems peculiar to industry.

Most of them admit that there are big gaps in their knowledge of what effect job situations have on a man's personality and emotional health.

Yale's Dr. Redlich thinks that his profession has just begun to learn to apply its knowledge to everyday living, and that it will take a great deal more research in business to be fully effective. But he agrees with the Menningers that, if psychiatrists are to blame for this lack of research, so is industry, whose "tremendous blind spot" has made the opportunity for industrial research in this area hard to come by.

However, with the basic understanding about human beings—and the accumulation of clinical history over the years—that psychiatry thinks it has, many psychiatrists believe that industry is overlooking a fertile field for improving job relations.

Dr. Woodward, a pioneer in the field, has been staff psychiatrist at American Cyanamid since 1947. He has become an accepted part of the company's medical department, although he says he is "still viewed by some with suspicion and alarm." Despite this suspicion, he has formed some definite ideas about business and his job as a psychiatrist in it. One of his pet themes is on the subject of inferiority. "The man doesn't exist," he says, "who doesn't feel inferior."

A great deal of his work—with executives, labor leaders, hourly workers—is with this feeling of inferiority, which creates "an anxiety about penetrating your guard and probing for your inadequacy."

At the chemical association meeting, Woodward said the one thing that harasses most people in business is that none of us is as good as we think we should be. But he rates as significant—and indicative of what psychiatry can do to help—an experiment at du Pont, where men on the same level worked over their worries in groups. Individually, they found that many had the same feelings. The result was that each got support for his own ego just knowing that he wasn't alone and peculiar.

At Cyanamid, Woodward gets a whole spectrum of problems—from those of vice-presidents right down to those of the rank-and-file. "The problems," he says, "are the same."

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He tells how one man is worrying about young Bill Jones, his assistant, because Jones seems so much more competent than himself. "What this man doesn't know," says Woodward, "is that young Bill Jones has come to me saying he feels the same way about his boss."

The farther up you go, however, the tougher the problem can become. As men get promoted higher and higher, they become more isolated because there are fewer people with whom they can let down their hair. They tend to become more and more worried and frustrated.

Observations like these—already half-understood, half-accepted by any sensitive businessman—have convinced Woodward that psychiatrists can offer much to the harassed, worried, often lonely supervisor or executive. Woodward puts it this way: "We are interested in the health of the individual, not in mass. It may be that the individual is sick, but the environment must be considered."

This twofold approach—the realization (1) that it is the individual to whom management has to pay attention, and (2) that you have to view that individual in his total environment—probably is the key to why psychiatry thinks it has something basic to offer management.

On the surface, such an approach seems innocent enough. But examined closely, it implies a fundamental shift in management's approach to personnel problems. For one thing, mass programs for better industrial relations will have to be supplemented by an individual approach—where recognition of emotional disturbances in employees, particularly ambitious ones, has to be based on solid knowledge of the individual personality. That takes time, and it may take the advice of a psychiatrist to prevent tension from turning into a breakdown.

If management accepts the psychiatrists' thesis, it may very well have to examine itself a great deal more than ever before.

After a year's study of what may be needed by industry, the Menningers sum it up this way:

"Obviously, in order for an executive to be able to create a mentally healthy climate within a given organization, he needs help in at least two specific forms.

"First, he needs to develop an understanding of human motivation and psychology.

"Second, he needs psychological assistance in four ways: counseling and guidance to minimize his own personal conflicts; advice and direction on dealing with the specific psychological burdens of his job; consultation on special human relations problems; and regular psychiatric examination as part of his regular health examination."

Such a statement implies that environment on the job can have a great deal to do with what is called emotional comfort.

The Menningers add: "An execu-

tive who is far-sighted enough . . . to apply mental health measures to himself will also be wise enough to institute the same kinds of measures for those who make up his working team."

That, basically, is the foundation for the experiment that the Menningers started this month at their overworked Topeka psychiatric center. The purpose of the clinic is to make management aware of the emotional problems arising from organization.

Among those participating at the first seminar were: Franklin H. Beardsley, personnel director of American Metal Co.; John H. Clifton, director of industrial relations at Corn Products Refining Co.; Robert K. Greenleaf, director of Management Development & Personnel Research at American Telephone & Personnel Telegraph Co.; and Charles S. Modys, vice-president in charge of personnel at CIBA Pharmaceutical Products.

By lecture and then smaller group discussions, the 20-man experimental group got a bath of psychiatric theory and clinical findings—but largely lacking was the professional jargon that so often sends the layman scurrying for cover.

But the Menninger Foundation's prime thesis—the aggressive vs. constructive, hate vs. love view of the personality—came through for the industrialists to mull over.

They learned that business is full of father-figures, just as in the home, the school, or where any group operates together in a hierarchy. But too often the father in the case of business becomes an impersonal image—the big corporation—with which the family of executives and workers finds it hard to identify themselves. This can create communication blocks, or recalcitrant labor unions. It is the purpose of all good communication systems to get workers somehow on a one-to-one relationship.

The group also learned that most emotional problems have their roots in the subconscious—starting with prenatal environment—and that often to maintain emotional stability individuals express their aggression in harmful ways. But the psychiatrists cautioned the group that even though the individual may be basically unable to cope with his environment, industry itself can take the blame for poor practices.

Before the week was out, it was clear to most of the group that there are in all people tendencies that will make them fail on the job. If the stress is great enough—for example, the environment in which the person works—he'll break. What happens can take many forms—murder, also holism, suicide, at the extremes.

In business, it often spells individual failure and organizational disruption.

Social tensions are inherent in any set of human relationships, but they can become acute in business

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According to psychiatry, you have the industrial family setting, with the top executive as father and the subordinates as siblings, with all the rivalry of brothers and sisters in the home. If the leader doesn't recognize this situation, he may not provide healthy outlets for this rivalry.

The Menningers and those who support their interest in business psychiatry aren't suggesting that executives have to become lay analysts. But they can play a major role by flagging the really emotionally disturbed individuals early, then provide the means for what Cyanamid's Woodward calls short-term therapy.

Of course, there is danger in all this for business-probably one reason management has shied away from the whole subject.

To understand other people's problems, an executive has to know himself pretty well. If he carries that self-consciousness too far, he can become Hamlet-like in his ineffectiveness in making decisions. Nonetheless, Dr. Will Menninger insists that "like the psychiatrist, the role of the executive is to see his own blind spots." Too often, he says, businessmen are more interested in techniques of getting rid of people the brushoff, superficial understanding, know-it-all attitudes-than in the people themselves. "The most important therapeutic tool we have is our own personalities, both the doctor and the executive," he adds.

General Motors is using television to find out what goes on underneath an automobile when it's cornering sharply or bouncing over a rough test road.

n take A small, rugged, bomb-shaped TV camera is attached to the underside of the car's front or rear bumper and focused on the portion of the car's suspension system engineers wish to check. The picture is transmitted it was through a closed TV circuit to a 14-inch monitoring screen in the rear of t there the car. nat will

The average manufacturing company spends most of the working day paying off costs of doing business, and only about 19 minutes are left to earn profits, according to an editorial in a National Association of Manufacturers appens publication. er, alco-

According to the NAM, only about half of the 19 minutes of profit time results in dividends for the owners. The rest of the profit minutes are used for reinvestment in the business.

Biggest portion of the time, three hours and 55 minutes is used to pay for materials. Wages and salaries take two hours and 19 minutes, taxes 431/4 minutes, repair and replacement of facilities 29 minutes, and research . and promotion, 141/2 minutes.

## Are You Well Informed?

TERP's an opportunity to find out how much you know about manage

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# Arbitration Hearing To Highlight NMA Meet

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by Adrian G. Poelker Chairman, 33rd NMA Meeting and Conference

St. Louis, Mo.—Participating in an arbitration hearing can be a very enlightening experience.

Unfortunately, many supervisors never get the chance. Or, if they do, they're on the spot as a defendant accused of some faux pas involving an employee. Under those circumstances, no one would expect the supervisor to view the proceeding with an unprejudiced eye.

This year every management man who attends the NMA's 33rd Annual Meeting and Conference here Sept. 27-28-29, will have a chance to see arbitration in action the comfortable way.

The American Arbitration Association will conduct a live demonstration of an arbitration hearing based on an actual case taken from the association's files.

Participating in the demonstration will be outstanding representatives of both labor and management. Each of the participants will present arguments for his side in the case. An arbitrator will conduct the hearing and issue a decision. You can watch from the sidelines and detect the weaknesses and strong points of both sides at no risk to yourself or your company.

The arbitration hearing is another "first" for the NMA meeting and conference which is expected to attract more than 3,000 management men from throughout the country.

Four more speakers have been confirmed for our conferences. Dr. Frank G. Kirtz, a prominent patent attorney here, will speak at a conference entitled, "A Look Into The Future." Carroll Boyce, associate editor of Factory Management and Maintenance magazine, will speak on Automation. George Hairston, a roreman at American Cast Iron Pipe Co., Birmingham, Ala., will conduct a conference on "A Foreman Looks at Communications," and Don L. Rufener, general supervisor of conservation for North American Aviation, Columbus, Ohio, will be in charge of our conference on conservation of men and materials.

The annual Club Presidents' Dinner meeting will become a luncheon at noon on Saturday, Sept. 29, in the Hotel Sheraton-Jefferson's famous "Boulevard Room." Arthur C. Horrocks, former NMA president and internationally-known Goodyear Tire and Rubber Co. executive, will be the guest of honor and speaker.

### TO THE NMA MEMBERSHIP

Every member of our Association has reason to be proud of the NMA national Board of Directors which represents the membership at three meetings every year. All of them hold full-time management jobs in industry, which means much of their NMA work is done during their otherwise leisure time.

In May this Board of Directors, meeting in Dayton, voted to recommend a \$2.00 per member dues increase for the Association. The official club delegates will vote on this proposition at the 33rd Annual NMA meeting in St. Louis, Mo., on September 27.

The Board also approved a recommendation that every new member shall—just once in his lifetime—pay a \$3.00 registration fee when he joins. (This would apply to members of all clubs affiliating after October 1, 1956—and all new members of all NMA clubs after July 1, 1957.)

The \$2.00 dues increase would not be effective until after July 1, 1957, for members of clubs affiliated with the NMA by October 1, 1956. All members of clubs making application for affiliation after October 1, 1956, would pay the \$6.00 annual dues.

Individual memberships—those management people who join the Association without affiliating with an NMA club—would be increased from \$5.00 to \$10.00.

This is the first dues increase recommendation by the Board since 1944. During that 12-year period, here is what has happened. . . .

- 1. The steadily declining value of the dollar has reduced the purchasing power of \$4.00 to approximately \$1.60.
  - 2. The NMA has grown from 16,000 members to over 70,000.
- 3. The NMA National Headquarters and Field staff has grown from five people to 31.
- 4. The Association has put six full-time club service and education specialists in the field to service affiliated clubs.
  - 5. The NMA has acquired a Headquarters office building in Dayton.
- 6. The NMA has begun publishing a monthly management journal, MANAGE Magazine, which all members receive without additional charge.
- 7. The NMA club and individual member service program has grown from a few items to a score of tangible benefits—library, counseling, programing aids, newsletters, publicity, club officer training, et al.

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- 8. The NMA has developed a strong supervisory orientation and educational program international in scope.
- 9. The NMA conducts a continuous research and survey program for improvement of its services—and to find new opportunities for service.

And every field of NMA service has been expanded and improved through the years without additional assessments from affiliated clubs or members.

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Although NMA members join the Association on an individual basis, in so doing they make possible the NMA club service program which benefits their respective groups through club management conferences, a professional speakers' bureau, programing counsel, area managers' advice and assistance, educational field programs, and so forth.

As the individual stockholders make up the democratic foundations of free enterprise companies, so the individual members make up the foundation of the NMA.

Nearly all the \$4.00 annual dues now is required to keep the NMA operations and communications framework in working order.

For many years—and even before 1945—the NMA has had to augment its income by obtaining financial grants from its affiliated companies. This outside support has enabled the NMA to grow, to expand its service program, and to improve its facilities.

The dues adjustment will be a great step toward achieving our first self-sufficient operations program. Our affiliated clubs would benefit from an NMA service program in exact proportion to their members dues. That is a healthy condition.

Every member buys a share in the NMA when he joins. The prestige of the foreman or the first-level supervisor today, compared with the lack of it 31 years ago, is a material return on the thousands of NMA dues invested since 1925. The NMA still is successfully working to develop better management people and to make the Association and its membership ever more influential and better known.

I am confident that our affiliated clubs will warmly endorse the Board's recommendation to increase the annual membership dues by \$2.00. That is the modest investment of less than 4 cents a week. The total annual dues for NMA membership still would be less than 2 cents a day . . . a small investment for a member of management to make in strengthening his professional organization and insuring its permanency and effectiveness.

Sincerely yours,

Marion N. Kershner NMA Executive Vice President

#### A Supervisor's Guide to Intelligent Labor Relations



by James M. Black

PLANT PERSONNEL policies, like good waffle batter, should have a proper consistency. You can't pull a rule out of your hat to slap down an employee who annoys you, then conveniently forget it on another occasion. Rules are a guide to intelligent shop living, not secret weapons to be fired off just as you see fit or when you get angry.

Many a red-faced supervisor has learned this lesson the hard way—on the witness stand at an arbitration hearing. He relied on a rule to back his action in a dispute with a worker only to discover that his frequent failure to enforce the regulation had written it off the books.

Jules Justin, an experienced arbitrator, makes this point again and again in his talks on grievance handling.

"Plant rules," Jules says, "serve to establish reasonable standards of conduct in the industrial work unit. They cannot be used to ensnare the employee or to catch him in a not so tender trap."

A case he heard recently is a perfect illustration of the kind of thing he is talking about. The situation occurred in the plant of an eastern manufacturer. If you will trace the incidents that led from grievance to arbitration, you will see how very necessary it is for foremen not only to know the rules that govern personnel, but to enforce them uniformly, promptly and intelligently.

The company had a rule that expressly forbade "idling, inattention to duty, or soldiering on the job." Nobody can quarrel with the regulation. Management must have the power to run a tight shop and get a fair day's work for a fair day's wages.

This the union admitted when it agreed to a provision in the contract saying, "The operation of the plant, and the direction of the work force including the right to hire, suspend, or discharge for proper cause, or

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transfer, and the right to relieve employees from duty because of lack of work, or for other legitimate reasons, is vested exclusively in the company, subject, however, to the terms of the contract."

Another provision in the agreement cautioned the company to use good judgment when it disciplined a worker by stating, "All disciplinary action or discharge for violation of company house rules and regulations will be subject, after the fact, to the grievance procedure, and where it is found that discipline has been improperly applied the employee affected will be reinstated, with payment of wages lost."

There is nothing unusual about these terms. You probably have a similar agreement in your own contract, maybe worded even a little more strongly. In a nutshell they simply mean, "Management has the right to manage. The union has the right to file a grievance if it believes its rights under the contract have been abridged."

The reason it is important to know about these clauses is because management relied on the first to justify its action in disciplining an employee for breaking the company rule about idling on the job, and the union those the second to back its case that the penalty was unfair.

This is the story. A supervisor ound an employee away from his job aking an unscheduled coffée break uring working hours. The punishnent—a one-day suspension.

Well, what's wrong about that? The man was soldiering and he was caught. He broke a posted company rule and the foreman disciplined him. He deserved it.

Unfortunately, things are never so simple as they seem. So let's get to the hindside of the facts to discover what really happened.

An employee (shall we call him Charley Smith?) worked for the maintenance department of the company in question. Management engaged an outside contractor to do a certain painting job on its premises. Smith was assigned to this man as a helper and was told to work under his direction and control.

This Smith did. He reported to work at 8 a.m. as he had been instructed and began to paint. About 9 o'clock the contractor left the company's property. Evidently he suffered from the occupational disease so frequently encountered in his profession, for he had left some material he needed in his work at his office. So he told Smith to get on with the job while he went to get it. Smith painted.

A half hour later back came the contractor. And it turned out that what he had forgotten was stimulation. For he was bearing several containers of coffee.

"Shall we go into the lobby and drink it?" he invited. It was cold outside.

Smith accepted. He could use a cup of coffee even without the doughnut. While he and his temporary boss were relaxing over their beverages, who should happen by but Smith's regular foreman. The supervisor didn't say anything at the time, just shot a fishy look at the pair of them and went about his business.

Nothing happened for three weeks, and Smith had almost forgotten the incident of the coffee break. Then one day his foreman called him over.

"That was a good job you did painting the outside canopy," he said. "In fact, your work all around is okay. I have put you in for a merit increase."

Smith thanked him and turned to leave.

"Just a second," said the foreman, who believed in tempering the sweet with the bitter. "I haven't forgotten that coffee break you took."

Shortly afterward, Smith was called to the personnel department and told he would be laid off for one day because he had violated a company rule. The foreman had put a slow fuse on his disciplinary action and the penalty for crime was delayed punishment.

Needless to say, Smith thought he had gotten a rough shuffle, and took his case to the union. A grievance was filed and it climbed right up the steps until it got to Arbitrator Justin.

The union claimed that Smith had not violated the company rule when he accepted an unsolicited invitation from his boss to drink a cup of coffee. Remember, the employee had been told that he was to work under the direction and control of the outside contractor.

The company's witness confirmed that the contractor was bossing the job so far as Smith was concerned. And the foreman admitted that he had taken no action when he observed the coffee incident.

"But this makes no difference," management argued. "Smith broke a rule, and he knew he was breaking it. He also knew the penalty. There is no rule that says the foreman must act instantly when he sees a rule violated. The company has the right to discipline its people when they break the regulations of the shop."

Mr. Justin's questions brought out other facts. The foreman frankly stated that he did not know that the contractor had invited Smith to join him in a cup of coffee when he observed them drinking it, and that he had made no investigation.

"There was no need to," he added.
"A rule had been broken and the penalty was automatic."

Who was at fault? Smith—he broke a rule. The foreman—he did not investigate, he simply applied punishment to the crime, and he took his time about doing that. The contractor—he was boss and should not have permitted Smith to break a rule regardless of his opinion of it. The company—it allowed the case to get to arbitration even though its argument could have been stronger.

Had you been Smith's foreman, what would you have done?

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This is what the arbitrator said: "Smith accepted his boss's invitation to stop work. And the contractor was his boss, for he had been given that authority by the management. Perhaps the contractor used poor judgment in suggesting a stop for coffee. But that is another question. Regulations cannot be used to ensnare an employee or to trap him into breaking them. Therefore, Smith's conduct did not constitute a violation of the rules. In that light, the company's action in imposing a one-day disciplinary suspension of Smith was not for proper cause. It violated the contract."

The arbitrator sustained the union's grievance and told the company to pay Smith for the day he had lost.

If you think it over, you will probably agree Arbitrator Justin's decision was proper. If Charley Smith's foreman had been on his toes, there would have been no tempest in a coffee pot. He would have investigated the incident when he observed it. Had he done so, he would have learned that Smith stopped work at the invitation of the man directing the job. This would have suggested two sensible courses of action, either of which would have avoided an arbitration and at the same time protected the principle of management's regulation about idling on the job. He could have referred to the

rule and told Smith to go back to his painting. He could have let matters ride until Smith completed his temporary assignment and returned to his regular job. Then he could have said that while he intended to take no action for what had happened, if a similar situation came up Smith was to keep working. If he were determined to suspend the employee, the time to have made the attempt was when he observed the incident. Even then it is doubtful that an arbitrator would have sustained his action. Smith was reporting to another boss and had his superior's permission to drink coffee.

The smart foreman doesn't act until he is sure of his facts. If an employee is late three days running and the rule book says that the penalty for this is a day's suspension, he first checks to find out if the regulation has been rigidly enforced before he applies it. Even if it has, he still investigates to learn if there are mitigating circumstances. He knows that consistency may be the hobgoblin of small minds but that inconsistency is the Gnome King of the grievance procedure. It amounts to this: You can't be a rule book foreman unless you enforce the rules absolutely. And if you do supervise by the book, when you throw the book at someone you may be tossing good human relations out of the window.

This case is based on an arbitration hearing between the Kidde Maufacturing Co. of Bloomfield, N. J., and the U.G.R. (Ind.), July 16, 1954. Reported by Jules Justin, Arbitrator.

# **Test Your Word Sense**

Here's a good way to test your vocabulary. Pick the best definition for each word and then turn to page 63 for the answers.

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1-When a speaker AD LIBS in his talk, he: b-adds to his text c-recites poetry d-forgets his lines a-makes jokes 2-People who watch their money, know a MOOCHER as a: c-miser d-bargain bunter a-spendthrift b-sponger 3-In production, an EXPENDABLE tool is: a-band driven b-seldom used c-used as a punch d-consumed 4-If you've been to Brazil, you know the SAMBA is a: a-native but b-strong drink c-dance 5-To a travelling man, an ITINERARY is his: d-budget 4-route b-map c-dictionary 6-People who use rope know that JUTE is a: d-fiber b-knot c-metal a-bawser 7—ARTIFACTS are of value to historians because they are: d-extremely rare a-written records b-made of gold c-primitive art 8-A FACSIMILE of an object is a: c-improved model d-bigger version a-rough copy b-exact copy 9-When a person makes an INADVERTENT remark, it is: d-misunderstood a-unintentional c-indifferent b-impolite 10-If a thing is LEGITIMATE, it is: b-all right d-broken a-legal c-wrong 11—When you CIRCUMNAVIGATE something you: d-go around it a-pass through it b-pass over it c-go under it 12-An IDIOCRASY in a particular person is a:

c-peculiarity

b-fault

a-babit

# Everybody Wants To Be Somebody

by William Levy

"One of the Godlike things of this world is the veneration done to buman worth by the hearts of men."—Carlyle

I wish someone would explain to me the thinking of the warped minds of some people I encounter who seem to get a sort of sadistic pleasure out of ridicule and sarcasm—making other people feel like they are dirt or completely insignificant.

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Sometimes it's the newly elevated foreman who feels that he has to throw his weight around, regardless of who gets hurt. Sometimes it's the ambitious junior executive who is determined to make a name for himself no matter how many bodies he has to trample.

Just a few weeks ago, at a busy intersection, I saw a woman cuffing an eight or nine-year-old boy who had dropped a package and spilled its contents. She was screaming—"Stupid, I'm ashamed of you." The hurt look in his eyes reminded me of a whipped puppy and I'm positive that the physical pain was nothing

compared to the mental anguish of ridicule.

No insult hurts more than that of implied inferiority. No cut, no wound can penetrate so deeply.

I doubt if the person ever lived who didn't crave respect and the feeling that he meant something to somebody. If you want to destroy a man's soul, create in him unimportance. I have walked Skid Row in Chicago and even the wino, the man in the gutter, gave evidence of this. No matter how low he sinks, he clings to some friend, either a human or a flea-bitten, half-starved animal who makes him feel important to something.

God made man in His own image and when He created him, He established the most sacred thing on this earth. Each is unique and each is endowed with the dignity and worth of the human being. When we fail

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to recognize this in our personal relations, we cannot achieve even near optimum effort from our associates.

In browsing through my idea folder, I came across the following four-line stanza, the author of which I can't identify.

"So many gods, so many creeds, So many paths that wind and wind, When all this weary, sad world needs.

Is just the art of being kind."

Any fool can make another person unhappy. It is the rare individual who has developed the talent of making people happy. I see people all around me who are starving for the want of a word from someone they respect and admire. "I'm proud of you." "You're doing fine." "I need you." Simple words but seemingly so hard to say.

Two out of three foremen tell me that the only time they get called into their supervisor's office is to be bawled out about loss of production, spoilage or excessive costs.

A few weeks ago, I asked a group of 50 supervisors how many had received a complimentary note from the boss in the past year. One man raised his hand. Why must we work under the false assumption that no news is good news?

Each of us has been dealt a hand in this game of life. Maybe you have been blessed with more brains than other of your fellow men. Maybe you have more money or more power. If so, help fill the God-given need and hunger of people around you for appreciation, for recognition. The cost is nothing, the reward is great because it will nurture your own soul. Self respect is what you have when no one else is around and the only thing you can take with you when you leave this earth is what you gave of yourself while you were here.

"Retirement preparation is part of a total industrial responsibility which, in these times, crosses the boundaries of simple profit-making into social and economic areas which affect the well-being of the community and the nation.

"There are about 13,000,000 people over 65 right now—more than eight per cent of our population—and statistics tell us this percentage is going to increase rapidly. At the same time, during this period of unprecedented prosperity, the percentage of older people in the work force has declined. Inevitably, this means a heavier financial burden upon the smaller family unit of today, upon our tax money, and upon the social service agencies which must deal with personal problems of the aged."—Joseph J. Morrow, director of personnel relations, Pitney-Bowes, Inc.

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"As a matter of fact, It IS the whipped cream!"



L OWER PRICES for practically everything are on the way. Does that sound like good news? It's good, all right, but it shouldn't be news. Here's why:

This country has licked the major problems of mass production. We can produce goods like crazy, but much of the output goes into warehouses, because we can't sell quite as much as we can make. The answer is a simple one: Lower the prices in order to keep the goods moving, keep the factories in production and keep the workers, the potential consumers, employed and buying.

Last year consumers bought heavily, making it the best year the economy has ever had. Prices were of little consequence. Now the consumers have about met their needs, and competition is getting fiercer and fiercer to persuade the average man to scrap what he has in favor of a new model.

A price inducement will keep the cash registers ringing, and it is just this that has made the discount houses important outlets for goods. In the discount stores a double price tag appears on many nationally known and nationally advertised products. One is "list price," the other "our price." The conventional merchandisers are beginning to imitate this practice. They have decided, it seems, that there can be no defeating the more than 10,000 discount houses in the land, thriving to the tune of an annual volume over \$30,000,000,000.

Efforts to enforce fair trade laws, such as are left, are diminishing and manufacturers and retailers have just about given up. General Electric attempted to meet the situation by cutting prices on many of its small electrical appliances by an average of 30 per cent. Its rivals are being forced to the same expedient.

List prices have less and less meaning with each passing day, especially on automobiles. In Jacksonville, Fla., some days back, a Ford dealer offered a new car for \$1.25 a week, whereupon 17 dealers representing General Motors, Chrysler, Packard and Studebaker advertised their cars for 95 cents

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a week. In each case the amount outstanding at the end of the first year was to be paid in equal monthly installments over the second year.

# BACK TO THE CITY

All over the country housing developments have been mushrooming in suburban areas. Families were getting bigger and a small house with a bit of lawn, no matter how tiny, was the objective of many thousands. Small down payments, low interest rates, special help for veterans and 30-year, self-amortizing mortgages helped the dream to be realized.

Now the real estate men report the flow from the city is not only slowing but in some instances actually is reversed. Demand is slackening for the suburban dream house and gaining for the city apartment.

A number of reasons are advanced: Breakdowns in service on commuter transit, swamped school systems in the suburbs, dislike of extra-long travel time, the morning-after discovery of taxes, maintenance, repairs, expansion problems, neighbors, parent-teacher associations. These and other phenomena of suburban life, with which the city dweller is comparatively unfamiliar, are things the real estate man never mentions.

# BUTTONS

Most shirts either lack a button or have a broken or chipped one. This is an unhappy fact to which most husbands are resigned. The trouble with the button on the shirt is that it peels, chips, cracks or discolors. If it doesn't do any of these under the attack of the laundry and the iron it manages to work its way loose and drop off.

The Patrician Button Corp. of Long Island City has been studying the button situation for quite a while, and it has come up with a chemical pearl button that is making important changes in the button-using industry. And don't think the industry isn't big. Ask yourself: How many buttons do you use in the course of a day—excluding the buttons used in the sentence, "He hasn't got all his buttons."

Patrician's product, Nacronite, after the French word for pearl, is made of a thermosetting polyester resin that homogenizes the pearl-like substance to give a luster and shimmer better than the real thing. The American Institute of Laundering has given it a seal as certified washable, without any of the troubles of the other type. And the new button has a quality the natural one never had: It can take bright, muted or half-tone colors that stay put.

There is only one problem still to be licked: How to get it to stay where

it belongs. The answer is to use stout thread (preferably made of steel) and sew it on properly. And that's not the button man's problem.

# HOW TO MAKE MONEY

A great many persons say they don't have time to read the newspaper, other than a glance at the top news, a skimming of the obituaries, a thorough study of the sports results and a glance at the gossip columns.

And yet fortunes have been made by reading the papers with a view to working at it rather than for purposes of enjoyment or pleasure. Stock market tipsters make their money not from the stock market but from reading and evaluating the news. Clipping services read the papers and clip for their clients. Real estate men learn of changes in neighborhoods affecting valuations and buy or sell accordingly. Merchants circularize names appear ing in engagement announcements. Purchasing agents study commodity of the prices and futures trading and save or make large amounts for their compa- Brownsy nies if they learn enough about price movements.

These are only a few examples of what a newspaper can do for its reader as Lands if the reader knows how to use the information in it. The first step is to re 125 shru gard the time invested in reading as work time rather than anything else on the The second step is to acquire the background necessary to evaluate the day project. to-day news. And the third is to read-every day. Example: Day-to-day fellowshi movements of a point up or down in a specific stock don't mean half so agement much as a long-term trend, and that can only be spotted by steady reading for the l

Here are the answers to "Are You Well Informed" on page 32. If you have answered all the questions correctly, you are keeping yourself well informed on management topics.

- 1-"Brainstorming" is a procedure used in conferences. Everyone is encouraged to express ideas, even though some of the ideas and thoughts may not seem relevant.
- 2-In "Micro-Motion Study" high-speed motion picture cameras are used to photograph motion. The pictures are used to analyze work method and develop simplification.
- 3-The "Incident Process" was developed by Paul and Faith Pigon. Pigon is a professor at Massachusetts Institute of Technology.
- 4—NMA membership is now approximately 70,000.
- 5—The "Gantt Chart" is a graphic illustration composed of a series of horizontal bars showing production progress stages and timing.

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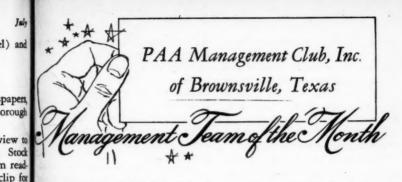
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Treating appear in Digging holes and hauling dirt appear in became fun for the members of the PAA Management Club of Brownsville, Texas, on the Saturday in late March designated by the club as Landscaping Day . . . More than 125 shrubs and trees were planted on the airport grounds during the project. It demonstrated that good fellowship and unity within a manhalf so agement team can work hand in hand for the betterment of the individual and his company.

Two years ago the Brownsville Maintenance Base of Pan American If you World Airways was successfully conelf well verted into a rapidly growing Customer Service Base, catering exclusively is ento the aircraft overhaul requirements hought of outside customers. Management combined its expansion program with re used a general housecleaning, which innethods cluded the painting of the administration buildings and hangars.

The management club realized that additional landscaping of the airport premises would supplement the fine improvement in the general appearance of the base already made by the

company. At a meeting of the Board of Control, it was decided to offer the company assistance in this task. Management readily co-operated by agreeing to furnish the cost of the shrubs, if the club would handle arrangements for the purchase, land-scape pattern and planting.

From the ranks of the members came volunteers skilled in landscaping and soil preparation. They knew the semi-tropical vegetation which flourishes at the southern tip of Texas.

After a survey was completed to determine the types and quantity of plants needed, a committee was formed to visit the various nurseries in the locality to select the purchases on the basis of advantageous price and quality.

As the big Spring day for planting arrived, two-thirds of our entire membership, representing foreman and manager alike, appeared ready for work. Each was armed with a shovel and garden hose from his home, as well as a strong back and

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plenty of good fellowship. Crews were delegated to set the plants, followed by others to fertilize and irrigate, while last of all the debris was collected and disposed of in a jeep. Through these co-operative efforts of the members, who donated 180 man-hours of work, the project was successfully completed.

This activity represented a savings of \$400 for our company through the economies of "shopping" for the plants and in reducing labor and supervision costs. An estimated \$100 was also saved through the elimination of a landscape artist. The club members, through this project, exemplified what unity in management

can accomplish. They were rewarded with the personal pride of creating an attractive work area.

As a result, patrons of the Customer Base and passengers of PAA flying south into Latin America will get their first glimpse at Brownsville of such tropical shrubbery as hibiscus, bougainvillea, and poinsettias in full bloom.

For this accomplishment, I nominate the 35-member team from PAA—which prides itself in being called "The-Biggest-Little-Club in NMA"—as a third-time winner of the title of Management Team of the Month.

W. F. Gilson President

Three decrepit, gray-haired gentlemen were seated together in the park discussing their personal philosophies for achieving a ripe old age.

"I'm eighty-six," said the first, "and I wouldn't be here today if I hadn't scorned tobacco and alcohol in every form, avoided late hours and the sinful enticements of the opposite sex."

"I owe my ninety-three years to a strict diet of blackstrap molasses, wheat germ bread and mother's milk," said the second old man.

"When I was eighteen," the third man said, "my father told me that if I wanted to enjoy life as much as he had, I should smoke black cigars, drink nothing but hard liquor, and carouse with a different woman every night. And that's exactly what I've done."

"Incredible," said the first old man.

"Amazing," said the second, for their friend was obviously the grayest, most elderly appearing of the three. "Just how old are you?"

"Twenty-two."

Lord Godiva to Lady Godiva—"Where in the world have you been? Your horse got home three hours ago."

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# Adequate *Incentive*

by Crawford H. Greenewalt
President, E.I. du Pont de Nemours & Co.

As OUR COUNTRY has developed and matured, we have become increasingly dependent on an active and dynamic industry for our economic growth and prosperity. Without minimizing in the slightest the important contributions to our national economy made by the farmers, the professions, the service trades, the fact is that our standard of living is firmly anchored to our industrial development.

Industry, if it is to keep abreast of its responsibilities to the nation, must have a great number of first-class minds at its disposal. It must compete for them with all other phases of our society, for there are never enough to go around.

The fields of government, education, the military, the arts, the professions—all are seeking to persuade able young men to cast their lot with them. Each has its own type of incentive to offer, and the demand for talent always exceeds the supply.

The question of incentive is essential, whether we are speaking of business getting its share of the talent crop or of encouraging the exercise of that talent once it is enlisted. It is perhaps unfortunate that human beings should require lures of any kind as the price of initiative, but I am afraid we have not yet reached that state of grace in which people will surely do their best without external motivation.

People being people, they will for the most part respond with their highest abilities only when there is some stimulus or some satisfaction associated with success.

Adequate incentives, of course, differ with different people. Some are attracted most strongly by the promise of prestige. Some are more interested in leisure time, to follow scholarly pursuits or perhaps simply to meditate upon the ills of the world. To some people, public notice or outward signs of rank and importance are alluring goals. Some seek power. For most, however, the strongest and probably the most desirable incentive is financial reward.

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Furthermore, financial reward is not only an incentive in itself, it is the only fluid medium that can be used to balance the attractions of the more intangible compensations such as prestige, power, or public notice.

There is another aspect of the monetary incentive that seems to me worthy of comment. It is the only reward that can be cut down on a basis of fixed percentages. We do not, for example, withhold 91 per cent of an Oscar going to the best moving picture actress of the year. The winner of a Nobel Prize does not have to give the government a certain percentage of the prestige accruing to him. A brilliant violinist does not have to share his applause with the Collector of Internal Revenue.

These illustrations may seem facetious, yet they are based on a serious foundation; for we do in fact make the recipient of monetary rewards, and him alone, give up significant percentages in taxes. We are, that is, penalizing only one manifestation of success; and this seems to me, frankly, not only unfair but, for the future, a dangerous practice.

I am certain that the effectiveness of the money incentive is being eroded by the tax rates that prevail in the upper brackets today. While many companies are experimenting with non-monetary incentives, basically industry must rely upon the coin of compensation most suitable to its character. I am afraid the raw

truth is that, in the long run, we shall begin to lose out and our proportion of the available candidates will fall unless some relief can be obtained

I am necessarily talking in the future tense, because it is quite clear that the point of concern is not the executive of today, nor even of the immediate future. I doubt that high personal taxation has had substantial effect upon the performance of present-day management. By the time a man has reached a position of eminence within his organization, he is influenced importantly by his sense of loyalty, his sense of obligation, or a preoccupying interest in his work

But in business, as elsewhere, it is important for us to induce as many of our younger men as possible to set their sights on the job ahead and to broaden their shoulders for responsibilities to come. If we are to do so, the game must be worth the candle. And some of my associates have already noted that there are signs among the younger men that promotion is a little less attractive than it used to be. How this trend may be expected to show up, in specific terms, is hard to say-my own guess is that it will take the form of slow attrition, beginning with borderline cases. Where we now have 10 who want to try for the jobs of major importance, we may have nine tomorrow—one candidate deciding that since it is worth considerably less after taxes, it isn't worth the extra effort. So we have

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nine, and the next year we may have eight, and management will be the poorer for the loss.

If the caliber of management available to American business declines, the results will be reflected inevitably upon everyone, in business or not. The economy we have created in this country is closely intertwined. The effect of one activity upon another is intimate and continuous.

Management ineptitude would assess its penalties in terms of higher costs, diminished opportunity, and a slowing down of the kind of bold venture that is necessary to growth. It would be demonstrated, I think, in declining stability, for often the failure of one firm engulfs others. In so highly integrated an economy as ours, shock waves are transmitted with great speed and ruinous force. We cannot sustain many such shocks without impairing our strength and security as a nation.

And so every citizen has a stake. He wants lower prices, expanded employment, a degree of job security. He wants better schools, better medical facilities, better care for the aged, more cultural facilities. He can have them in an era of rapidly expanding population only if industry grows more dynamic rather than less, better managed rather than worse.

This article is an excerpt from remarks made by Mr. Greenewalt before the subcommittee on tax policy of the Joint Committee on the Economic Report.

In a town deep in the heart of Texas, a chapter of the Ladies Aid Society decided to bring a little sunshine into the state prison by writing cheery letters to the inmates.

One lady didn't quite know how to go about addressing a man she knew only by a string of numbers. But finally she achieved what she happily believed to be a measure of friendliness.

"Dear 522981," she wrote. "May I call you all 522?"

A lady entered a store and asked to be shown some linen napkins. The talesman brought a stack of napkins to the counter and showed them to her.

After carefully inspecting each one, the customer asked that age-old question: "Haven't you something else, something really new?"

Having heard that before, the salesman showed her another pile of napkins. "These are the newest pattern," he said. "You will notice that the edge runs all around the border, and the center is in the middle."

"Dear me, yes. I'll take a dozen of those," exclaimed the delighted lady.



ROADS TO ELECTION victories, 'tis said, are often paved with highway bills. In the highway measure that probably will be law by the time this column is in print, there would seem to be something for everybody—even for the car owner who's going to pay the billions the roads will cost. There's political hay in it for both the Democrats, who control the Congress that passed the bill, and the Republicans, who control the Administration that spark-plugged the idea. Beyond question, it's the greatest "pump-priming" operation in our history as a nation, and should assure a prosperity of sorts—if you believe that a prosperity based on government spending is sound prosperity. In any event, it'll be good for the political groups in power for years to come.

For the immediate present, there's folding money in it for the manufacturers of road-building machinery and equipment, for the suppliers of sand, gravel, cement and other surfacing materials, and of course for the workers, skilled and unskilled, who make the equipment and build the roads. All will get big cuts of the multi-billion dollar pie.

More persons in the so-called consumer groups will benefit from the road program than from almost any other government expenditures since the old WPA-CCC days. Most government spending necessarily affects the average citizen only indirectly as a "trickle-down" operation.

All this is to the good, probably. But those of us who drive cars will be picking up the tab by at least an extra \$7 to \$10 a year apiece in additional taxes whether we use any of the super-transcontinental or strategic highways or not.

Of course, we would have had to pay sooner or later under the President's original bond issue plan, and pay more, too, in the long-term borrowing costs. But because it was spread out over a longer period of time, the impact might have been less.

Also, Treasury Department experts, while agreeing that the road program

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should be financed through current taxation and not borrowing, have criticized the financial provisions on three grounds:

- 1. It is impossible to calculate with any degree of accuracy the costs of the far-flung, long-range program, and in any case the estimates of revenues are probably over-optimistic.
- 2. The bill is not really self-financing; existing taxes on gasoline and tires, which now are to be earmarked for the road fund, have bitherto been available for other needs. Other sources of revenue will have to be found to make up the deficiencies.
- 3. Finally, and fundamentally most important, the practice of reserving particular revenues for fixed purposes in advance makes for rigidity in government operations and is contrary to sound fiscal policy. The theory of our Constitution is that Congress should decide each year what money is needed for what purpose, and appropriate funds out of the general revenues.

On the other hand, supporters of the vast, expensive, sprawling plan assert that the better roads and more direct routes will save the average car owner a cent a mile for an average saving of about \$90 a year. They point out that the growing number of vehicles is turning the nation's roads into a vast traffic jam. In 1955 there were enough on the roads to have covered every traffic lane in the country with trucks, autos and buses had they all been on the road at the same time.

There's also the saving on the nerves. We might have fewer ulcers, and snarl at the boss and wife a little less.

# GOOD MANAGEMENT THE BEST POLICY

"Honesty is the best policy," the old adage runs, but the studies of the Senate Labor Committee into welfare and pension fund plans have brought out again the obvious fact that good management also is essential.

Exposes of corruption on the part of some union officials in the administration of some plans and of connivance, or at least acquiescence by some management representatives, made the headlines. But, in the words of the report:

"Poor management, no matter how well-intended, had investments, lack of preparation for emergency conditions, or lack of managerial skill, can work as much damage to these programs as flagrant dishonesty. The overall need is for these programs to be carefully and wisely managed with the minimum of detailed regulation. Subsidiary to that need is the requirement that there be severe legal penalties applicable to the dishonest."

The size of the field covered by the pension plans is truly enormous, and of great significance in our economy. The Senate Committee estimates that 75 million persons are covered in some measure by private welfare and pension plans (as contrasted with social security and state unemployment compensation). This figure is arrived at through adding the 29 million workers directly covered and their estimated 46 million dependents.

Approximately \$6.8 billion was contributed to the plans in 1954, the last year for which anything like accurate figures are available. Of that amount \$4.5 billion was contributed by employers, and \$2.3 by employees. The funds are estimated to have reserves of \$20 to \$25 billion at present.

This figure gives ample support to the Committee conclusion that-

"The breakdown of any significant part of either the pension or welfare programs could, and probably would, amount to a major setback to our economy."

This fact, plus the fact that in a great many cases, pension and welfare plans are a subject for collective bargaining, makes it highly desirable that supervisors keep themselves informed as to what goes on in the welfare and pension field.

# WHITE COLLARS AND BLUE COLLARS

The white collar job is supposed to be a goal of most American youths. But they well might consider the findings of the U. S. Department of Labor. In a study, "White-Collar Employment and Income," the Department's Bureau of Labor Statistics reports:

"The differential between the salary incomes of white-collar workers and the wage incomes of production workers is diminishing. Datá on wage and salary incomes indicate that a large segment of the white-collar labor force receives approximately the same annual income as top grade production workers.

"A slackening of the rapid rate of growth of white-collar salaried employment is likely. Accelerating technology will change job and skill requirements. How present job holders are affected will depend on the gradualness of the change, or on individual adaptability. Certain companies which have introduced office automation have reduced the number of clerical jobs but have minimized the unfavorable effects on the existing staff."

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As to fringe benefits, the report found-

"White-collar workers for some years enjoyed an advantage over plant and production workers in regard to fringe benefits. By 1954, however, the differences had been greatly reduced and, in some respects, plant workers were ahead."

However, the report was emphatic in finding that there is a very definite "correlation between skill and educational requirements and annual wage and salary income . . . ." In 1954, a third of what the Labor Department described as "craftsmen and foremen" had incomes of \$5,000 and over.

### WASHINGTON IRISH STEW

Among still pending legislation of great interest to supervisors, as to other Americans, are the proposals for extension of the minimum wage to include, among others not now covered, employees in retail establishments. Republicans scent sly Democratic strategy on minimum wage extension. They say Democrats push for wider coverage to put the G.O.P. in this box: Republicans will face anti-labor charges if they fail to go along, risk losing small-business votes if they put through wage floor extension.

Also, there are some 70 bills which in one way or another would affect the power of the Supreme Court. They were introduced by Congressmen disturbed by recent rulings of the Court. A great many of these Senators and Representatives view with alarm what they describe as a pattern in decisions which takes power from the states and thus makes more powerful the central government. Others see in the rulings a tendency to say what the law should be rather than what the law is.

Especially cited are the school segregation cases and the natural gas act decision which held that the Federal Power Commission must regulate prices charged by producers of natural gas even though the FPC itself had declined to do so. Other controversial court actions were the ruling holding unconstitutional the dismissal of the New York school teacher who took refuge in the Fifth Amendment, and the Pennsylvania sedition case involving the Communist Steve Nelson.

One problem would be the effect a curb on the Court would have on our concept of a government of balanced powers. A curb on either the judicial or the legislative or the executive would necessarily throw the power out of balance. There will be men in Congress today who will remember—or should remember—that Congress itself once stood as the champion of "the Nine Old Men" when a Chief Executive sought to "reform" by adding to their number.

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"Make us some excuse. Tell him I'm busy."

OMPANY PRESIDENTS WORRY MORE about developing a top management team than any other

July

business problem, according to Lyle

Company President

by S.R.A. M. Spencer, president of Science Research Associates.

Spencer contends: "The key difference between owning a company and running a profitable business lies largely in the success a president achieves in organizing an effective, functioning team of top executives. Finding, training, and motivating the key executives, through whom a president must accomplish his work, is the thorniest and longest-lasting problem he faces."

Spencer lists this as one of the key findings from a research study conducted by the Young Presidents' Organization, a group formed six years ago and composed of men and women who became presidents of their concerns before reaching the age of 40. The Club, limited to chief executives whose companies employ 50 or more workers, and whose annual sales volume is one million dollars or more, has over 1,000 members throughout the United States. Last year YPO companies were responsible for more than \$6.9 billion worth of business.

Spencer says that a rule-of-thumb method to enable company presidents to organize and motivate their key executives more effectively has been developed from the findings. He explained, "as a result of the survey, four outstanding characteristics of a good executive emerged from the source material. They are:

"1. The members of a good executive team possess remarkable flexibility. Regardless of their training and experience within the company, they are receptive to new ideas, able to adapt themselves quickly to changing conditions, and can withstand setbacks without losing their drive and enthusiasm.

"2. A good executive team has depth. The temporary absence of one member of the team limits the organization and perhaps decreases its efficiency, but it does not leave the company paralyzed.

"3. The members of a good executive team build their own efficient division of the company with a minimum of routine supervision. The executive team members and their divisions are in a state of healthy rivalry with each other.

"4. The executive team functions by balancing and controlling two impulses which are in essential conflict with each other. On the one hand, there is a desire for maintaining, improving, and continuing the status quo, for preserving the business and for correcting the things that hamper the present functions of the business. The second impulse which drives the executive team is the impulse toward growth, toward developing new products, new markets, new kinds of business enterprises more profitable than the ones the company already has."

Spencer also points out that the executive teams of most companies are "surprisingly small." "They usually include only three or four persons besides the president; an administrator, who serves as the president's

alter ego and keeps the company's day-to-day operations running smoothly; a sales manager; a production chief; and a financial officer who manages the company's capital. Other business posts rarely achieve top ranking in a company's inner circles."

If all the attributes and statistics were put together to form a composite key executive, Spencer says the "average" would look something like this:

"1. He is currently holding a job that carries more responsibility than any job he has previously held.

"2. More likely than not, he has come up from the ranks within the company.

"3. He has less education than his president and he feels defensive about it.

"4. He is older than the president although he has held his present post for only three years.

"5. Planning ahead, he looks forward to making a long-time career in his present company. Although he knows the chances of his becoming president are small, he is ambitious to expand the scope of his present job by helping his company to grow.

"6. His present salary is about \$13,200 yearly. Although he has succeeded in the business world faster than he expected to, he expects to earn a materially greater amount in the future, and the chance are one in three that he is actively dissatisfied with his present income."

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# What the NMA Means To Me

EDITORS NOTE—Eldon Cessna was one of two Board of Control members at L.A. attending the most recent NMA Seminar in Dayton, Obio. His report to the Board indicated such overwhelming approval of the NMA that he was asked to tell other club members his impressions. His feelings are summed up in this brief article.

To me the NMA is a leading, unifying and perpetuating force, dedicated to the furthering of the high ideals exemplified in its Code of Ethics. These guiding principles of conduct for personal development and good human relations are time-proven principles embodied in religious and democratic teachings which I believe to be fundamental truths.

The NMA sponsors and promotes membership participation in classes, conferences and seminars which are designed to promote individual growth which is required of management men who are expecting to be good leaders both on the job and in the community. I believe that the constant and repetitive programing of these self-betterment opportunities provides the inspiration required for broad participation of club members in self-improvement activities.

NMA provides a healthy spirit of competition between the members of its many clubs. It also offers all the advantages of collective thinking, training and experience of management men from many industries across the nation. The prestige and dignity of a national organization lends stature to each local club far above that which it could hope to achieve alone.

Membership and participation in NMA assure me of continued opportunity for personal growth required to better serve my club, my company, my community, and my country. It deserves and will continue to receive my loyalty and best supporting efforts.

> ELDON CESSNA, chairman, Education Committee

Reprinted from the NORTH AMERICAN AVIATION MANAGEMENT CLUB NEWS, published by North American Aviation, Inc., Management Clubs.

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Techniques of carrying out a good conference should be known by both leader and participants.

While it is the leader's responsibility to direct the conference, it is the participant's responsibility to assist as courteously and unobtrusively as possible, should the leader show uncertainty or lack of firmness.

There are two stages in conference development—planning the conference, and conducting it. Failure to plan properly almost invariably results in an ineffective conference.

Four main steps are recommended in planning the conference.

Step One: Outline. The leader should determine the purpose of the conference, the objectives or results desired. The purpose may be to take action, to recommend action, to solve a problem, to secure information or ideas, to blow off steam, etc. What-

ever the purpose, the leader must have a clear idea of it, and must be able to state it concisely. From this point the leader should prepare a detailed outline of the means by which he expects to achieve this purpose. He should include in this the topics to be discussed, the points to be covered, the things to be stressed or emphasized.

Step Two: Set Up a Timetable. Time for opening remarks, for summaries, and for concluding the conference should be allotted down to the minute. Likewise, time should be allotted for the discussion of each portion of the outline, with thought being given to the items likely to require the most time. On the leader's agenda, prepared in advance, the time-table should be jotted down opposite the appropriate items.

Step Three: Set the Stage. The

meeting place should be inspected and properly arranged. Comfort and convenience of the participants must be the keynote here. Usually the conference is held with its members sitting informally around a table so that members can see and speak to each other without difficulty. There should be enough chairs, tables, ashtrays, paper, pencils and whatever else may be required.

Step Four: Notify and Remind Members. When the outline has been prepared, the leader may reduce this to an agenda which can be distributed to the members prior to the conference. This agenda will state the purpose of the conference, outline the topics to be discussed, and will give the time and place. If an agenda is not prepared for the members, at least an advance notice should be sent them announcing time, place and purpose. Prior to the conference -say 8 to 24 hours-each member should be reminded, usually via telephone.

Having planned his conference, the leader is now ready to conduct it. Here again his activities may be listed under four main steps.

Step One: Use good human relations in controlling the members. Of course, primarily, the conference leader must be able to control himself. He must not lose his temper or become excited. When the temperature of the group goes up, the leader must keep cool. He remains courteously firm, reminds the group of their objectives, and remains impar-

Step Two: Opening the meeting. When the leader has the attention to get so of the group he makes a few introductory remarks—a cordial greeting or an appropriate story—to put the group at ease. He inquires as to the comfort of the members regarding ventilation, heat, light, ashtrays, etc. informing them of the length of the conference.

Step Three: Conducting the discussion. Having reminded the group of the time allotted, the leader advises that the conference is now ready to begin and that he is confident everyone will co-operate to keep the session moving ahead. He then announces the purpose, gives a brief review of the background of the conference, and announces the procedure to be followed.

It must be remembered the conference is intended to be a pooling of ideas, where all members take part Since the leader wants maximum participation from the members, he not 10, when only must draw out reluctant mem Even wh bers and prevent eager ones from they will monopolizing the discussion, he must nine-tent largely keep his own personal view roads. T and opinions out of the meeting. If highways the leader has an idea which he feels is extremely important and which no one touches on, he should inject it indirectly, not as his own opinion This is extremely important.

1. (Mr. X talks too much and Mr. Y says very little.) Leader: Mr. X,

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impus. your enthusiasm and interest are encouraging. Will you hold up your point for just a moment while I try tention to get some of the other boys steamed up? Mr. Y, I know you've had a recting lot of experience in this field. Would you tell us what you've done to handle this matter?"

2. (Chairman, or leader, has a viof the tal idea which no one has touched on.) Leader: "If I can summarize at this point, we all seem to be agreed group that the ALPHA method should be der ad adopted. I suppose this would solve the problem. But I have heard some people advocate the BETA method, and since nobody here has mentioned it, I wonder if some of you would like to comment on it."

3. (Mr. Z is off the subject.) Leader: "Mr. Z, you have an interesting idea there and I wish we had time to consider it, but I don't believe it quite fits into the discussion. We are trying right now to decide how to solve the refining plant problem."

The leader must keep the discussion "on the beam" and should summarize frequently the progress that has been made.

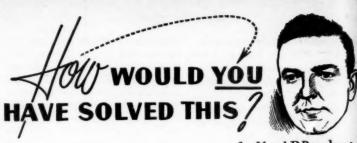
Step Four: Terminating the conference. The leader should allow himself sufficient time to close the conference. This includes summarizing the progress and recommendations of the group, indicating the highlights of the meeting, and thanking the members for their cooperation and assistance.

ocedure This article originally appeared in Industrial Supervisor, a publication of the National Safety Council. The entire series of 16 articles entitled "Pocket Book of Speech Formulas" can be secured singly or in quantities from the National Safety Council, confet Publications Division, 425 North Michigan avenue, Chicago 11, Ill.

um par. A survey by the U. S. Bureau of Public Roads discloses that 8 times out of , he not 10, when a motorist steps into his car it's for a trip of less than 10 miles. t mem Even when the family starts out on its annual vacation, 7 times out of 10 es from they will travel less than 100 miles. The Bureau claims that better than he must nine-tenths of today's traffic is handled by 99 per cent of our existing local al views toads. The other one per cent travel on the national system of interstate ting. If highways.

"I like to go out with older men; they're only wolves mentally!"

Here are the answers to "Test Your Word Sense" on page 40. 1-b, 2-b, 3-d, 4-c, 5-a, 6-d, 7-c, 8-b, 9-a, 10-a, 11-d, 12-c.



by Lloyd P. Brenberger

NOTE: To be considered for \$10 cash awards and certificates of special citation, all solutions to the problem must be postmarked no later than AUGUST 10, 1956. Address your solutions of no more than 500 words to Editor, MANAGE, 321 West First Street, Dayton 2, Ohio.

PROBLEM No. 5

# THE PROMOTION THAT DIDN'T WORK OUT

Ralph S., a foreman in charge of final inspection for a large manufacturing firm, has been instructed by management to select a man from his department for a promotion to foreman. After Ralph carefully screened the employees under him, he selected Jim B.

When Ralph told his boss about Jim, the boss said: "Fine, now start training him to do a management job. Give him responsibility and help him along. In six months, we'll need him for that new inspection set-up in plant two."

Under Ralph's schooling, Jim demonstrated he could do the job. Later, however, Ralph's boss told him that plans had been changed and they wouldn't need Jim after all. Ralph must now tell Jim the promotion is out. How would you handle this embarrassing situation?

(Remember the deadline, August 10, 1956)

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# THIS WAS SUPERVISORY PROBLEM NO. 2

Doc had been a foreman at LOSU Mfg. for 25 years but he'd never run into the kind of trouble he was having with Tim.

Tim was one of his best punch press operators. He could really turn out the stuff. Nobody could get more out of a punch press. But he had slowly changed his attitude about safety. In the past few weeks he had repeatedly violated all the basic principles of safe operation and had been given a disciplinary lay-off. Doc didn't want to give him the time off but he felt it might change Tim's attitude.

Several days after Tim returned to work, Doc passed by his press on the way to the Superintendent's office. He noticed Tim was observing all the safety regulations. He felt good. Good, that is, until he came back. There was Tim with the hand guard off again. He immediately ordered Tim back to the office.

What would you do if you were Doc?

# THE WINNERS

The following are the best solutions to the supervisory problem No. 2. The winners have received checks for \$10 each and a handsome two-

color Merit Award certificate suitable for framing.

# IT MAY BE DOC'S FAULT

By Louis A. Rosenthal, The Electric Products Co., Cleveland, Obio

Safety violators at many plants are not given disciplinary lay-off. Instead, the offender is asked to sit in on a few safety committee meetings. As a result, the employee frequently becomes more aware of the importance of safety regulations.

Most people are strange creatures when it comes to enforcing safety regulations. What works with one, won't always work with another. You've got to change your tactics to fit the employee.

It seems obvious that Tim is having some sort of trouble, and Doc should look for signs of an emotional crisis. It's up to him to find out what's eating Tim and he won't find this out until he creates the kind of atmosphere that will draw Tim out.

Doc is not alone. Many foremen have had the same problem. Of course, it's impossible for a foreman to anticipate everything his people worry about. But we won't go wrong if we assume that our best workers are concerned about such things as job performance and pro-

Professor Brenberger, who writes the problem for "How Would You Have Solved This?" and judges the entries of contestants, is head of the Department of Industrial Engineering of the University of Dayton. He is a graduate of the General Motors Institute and has had wide experience in industrial engineering and relations. In recent years he served as a project supervisor for a secret Air Force and Navy research program. He spends part of his free time conducting a specialized management development training course, which he organized for Air Force reserve officers.

motions. We keep throwing the tough jobs their way because we figure they are most likely to handle the jobs to our satisfaction. In other words, we take these people for granted. They usually appreciate our confidence as long as we take an interest in what they are doing, help them when they need it, and show them that we appreciate their excellent work.

Tim's trouble may stem from Doc's negligence. Tim may have sensed Doc's lack of interest. Now is the time for Doc to restore Tim's confidence.

I'd suggest that Doc talk to Tim and work the matter out with his help and suggestions.

Doc should remember he's got to do his part if he expects Tim to do his.

### HAVE A TALK WITH TIM

By Leon Bronstein, Hughes Aircraft Co., Culver City, Calif.

Doc should sit down with Tim and discuss this matter in a friendly way. He should emphasize the importance safety plays on the job, what it means to the company and to the other employees.

When Doc has gained Tim's confidence, he should explain his ideas on safety, its importance and why co-operation is necessary. Doc might put Tim in charge of a safety group to show that he respects his judgment.

He should have an "open door" policy of supervision, which encourages employees to discuss their problems. Doc has to be a listener and be sincerely interested in helping his employees with their problems. In this way he can often nip the poison of dissension, lack of co-operation, grievances, before they do any damage. This is the poison that causes Tim to ignore things like safety.

### SAFETY OR ELSE

By Joe Stein, Hughes Aircraft Co., Culver City, Calif.

Obviously Tim is a valuable employee. But no employee is worth his weight to the company if he ignores safety rules. He not only risks injury to himself, but sets a poor example for others. If Tim is allowed to continue his malpractice, Tim will hurt himself.

Doc has reached the conclusion that Tim's disciplinary layoff didn't change his attitude about safety. His course of action is now clear. Doc should call Tim to his office where, in the presence of the shop steward, he will be informed of his good work, but warned, by written notice, that he will be terminated for the next infraction of safety rules.

This clean and clear action by Dot will put the issue squarely up to Tim. Tim will know that if he does not change his attitude and his actions, he is out. At the same time, the other employees will recognize that the company means business about safety.

Doc can rest easy with his decision. His action can only result in a good ending for the company and the other employees.

HONORABLE MENTION: R. C. Stewart, Marietta, Ga.; Helen E. Hahn, Hatboro, Pa.; Gordon Young, Los Angeles, Calif.; Kenneth M. Lucas, Jr., Tonawanda, N. Y.; Robert C. Orr, Kokomo, Ind.; John H. James, Tucson, Ariz.; R. R. Decker, Lima, Ohio.

"Our choice is brutally clear. As a society, we can either learn mathematics and science—or Russian."—Dr. Lawrence R. Hafstad, director of General Motors research staff.

# Be a Leader

The Boss drives his men..... .... the Leader coaches them. The Boss depends on authority..... .... the Leader on good will. The Boss inspires fear..... .....the Leader inspires enthusiasm. The Boss says "I"..... .....the Leader says "We." The Boss fixes the blame for a breakdown... .....the Leader fixes the breakdown. The Boss knows how it is done..... .... the Leader shows how. The Boss makes work drudgery..... ..... the Leader makes it a game.

-H. Gordon Selfridge

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